

**Working Capital Fund Board Meeting  
Minutes of the Meeting  
December 6, 2007**

**I. Introductions**

Howard Borgstrom called the meeting to order.

**II. Recognition of Jeffrey Rubenstein**

The Chair recognized the contributions of Jeffrey Rubenstein. He presented Jeff with a plaque that reads; *“The Working Capital Fund Board commends Jeffrey Rubenstein for his years of dedicated service to the DOE Headquarters community, including ten years of successful management of the WCF Procurement Management Business. We appreciate your commitment to your customers and your effective leadership. Congratulations and best wishes on your retirement”*, signed by Howard Borgstrom.

Lesley Gasperow added her appreciation for Jeff’s leadership since the inception of the business line into the Fund. She frequently uses the initial working group as an example of good management. Jeff discussed “what was, why it was, and where we could make changes, before, the policies and procedures were finalized.

**III. Approval of Minutes of the May 23, 2007 meeting.**

The Board approved the minutes without exception. However, two working groups left the May 23 meeting with unfinished business related to performance measures. The building business was tasked to develop performance measures for the Board to assess what they receive for their payments to LAI and the Online Learning Center was to develop usage measures during FY 2008 to justify continued support for their business from the Board. Board members strongly suggest that the organizations related to these businesses be responsive to this request.

**IV. FY 2007 Annual Report**

The financial condition of the Fund is sound. The Fund experienced -\$0.9 million in net earnings during FY 2007 on earnings of \$107.2 million. Despite this loss, the fund has recorded cumulative net earnings of \$12.9 million since FY 1997 or approximately 1.3% of earnings over the eleven year period. Financial performance has varied substantially among businesses, but the overall result for the first eleven years has been substantially a breakeven situation, in line with Congressional and Departmental policies. The board accepted the annual report with no exceptions

## **V. Working Groups Status Reports**

### **a. Telephone Upgrade**

Bill Lay, Associate Chief Information Officer for IT Support Services, presented the WCF Board with the CIO's preferred solution to the DOE obsolete headquarters phone system funded by the Working Capital Fund and the network upgrade funded by CMIP funding. The capital required to upgrade the DOE phone infrastructure to digital technology is a one-time \$6.2 million payment. The capital required to upgrade the network is a \$ 5.0 million stream of funding provided from CIO corporate capital funds. This is an incremental approach that would support an eventual transition to "voice over internet protocol" if that technology is chosen to succeed digital phone service. Operating costs for the phone and network businesses combined increase from \$0.5 to \$1.1 million through FY 2012. The Board concurs with the CIO's proposed path forward and has asked the fund manager to release the necessary capital when it becomes available as appropriations are completed.

### **b. Contract Closeout Working Group**

Jeffrey Rubenstein presented the recommendations of the working group. As a result of the use of a new contracting instrument, Time and Material or Labor Hour, costs for closing out contracts had increased. Because this instrument was not in use when the first pricing policy was prepared, billing for this item generates \$240 revenue per closeout, which is far less than the related costs to the business. In FY 2007 alone, this disparity resulted in \$300,000 in losses to the business. Also, since FY 1998, the business had charged a flat rate of \$40/hour. The working group recommended adding a new type of instrument, Time and Material, LH at a fixed cost of \$2,850 to reflect an average of fifty-seven hours to close. It also recommended increasing the hourly rate to \$50. These two changes will allow the business to return to break-even operations. The Board approved both measures with the proviso that the business must recalculate the FY 2008 closeout agreement with each program and get a signed agreement that stipulates the new cost structure and the amount the program will pay for the year.

## **VI. New Working Groups**

- a. Mail** – The Board will appoint a working group to review the pricing policy for the Mail business as it relates to mail stops and other segments for which the current pricing policy is outdated.
- b. Financial Planning** – The Board expressed its concern with the growth of the WCF and the impact of the CR and possible two consecutive years of frozen funding on their ability to pay WCF bills. Howard will work with the Board to address these issues and retained earnings through a working group.

## **VII. The Board Voted to Adjourn**

### **Representing the Board**

Chair Howard Borgstrom  
HSS Lesley Gasperow  
EM Jim Simpson  
NE Susan Harlow  
SC John Alleva  
EI Steve Durbin

MA Marilyn Dillon  
FE Robert Pafe  
PML Jack Dodd  
PI Florence Kupferer  
IM Bill Lay

### **Attendees**

Warren Huffer – CF  
Bob Emond - CF  
Ronald Mayo - CF  
Chris Karis - IM  
Paul Trottier - OE  
Alan Souers - CF  
Mary Anderson – MA  
Kevin Cooke - IM  
Sonya Rush - PI  
Gerald Pinkney - MA

Karen Adams - MA  
Ingrid Colbert – CF  
Mike Wolfe - MA  
Greg Doan - IM  
Mike Shincovich – MA  
Debra Thornton - EI  
Wanda Chambers Steinberg – MA  
Lavelle Adams – MA  
Dallas Woodruff - MA  
Tony Nellums - MA  
Willie Ingram - MA  
Daniel Lonnerdal - IM  
Cristie Diduch – CN/IN